IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

PI-NET INTERNATIONAL, INC., Plaintiff, v. WAL-MART STORES, INC., Defendant.	CASE NO. 2:13-cv-01018-JRG-RSP Jury Trial Demanded

PLAINTIFF PI-NET INTERNATIONAL, INC.'S RESPONSE IN OPPOSITION TO DEFENDANT WAL-MART STORES, INC.'S MOTION TO TRANSFER VENUE PURSUANT TO 28 U.S.C. § 1404(a)

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Plaintiff Pi-Net International, Inc. ("Pi-Net") respectfully submits this response ("Response") in opposition to defendant, Wal-Mart Stores, Inc.'s ("Defendant") Motion to Transfer Venue Pursuant to 28 U.S.C. § 1404 (a) ("Motion"; Dkt. No. 18) from the Eastern District of Texas ("EDTX") to the Northern District of California ("NDCA") or, in the alternative, the District of Delaware ("DDEL").

I. INTRODUCTION

Pi-Net properly initiated its lawsuit in this District and Defendant has failed to meet its heavy burden to prove that the balance of private and public factors demonstrates that the NDCA or, in the alternative, the DDEL are "clearly more convenient" venues than this District.

In seeking transfer to an alternate venue, Defendant provides an incomplete picture of the relevant public and private factors, cherry-picks certain witnesses and sources of proof it believes to be relevant to Pi-Net's infringement allegations, relies on speculation and supposition of persons not best qualified to opine regarding the location of potential witnesses and sources of proof and ignores that judicial resources will be wasted by transfer from this Court.

The private interest weighs against transfer to another venue. Defendant has not met its burden of proof nor established that witnesses and sources of proof relating to its infringing acts are primarily located at or near the NDCA. Defendant incorrectly presupposes that the evidence in question only relates to the development and design of its website or Defendant's accounting, sales or marketing for its website. This is simply not the case. Defendant has presented no specific evidence that its relevant and material sources of proof relating to its infringing acts would be located in or around the NDCA or the DDEL. To the extent that Defendant identifies evidence and witnesses that are not relevant or material to the litigation, this Court is not obligated to consider them.

Further, excluding this case, Pi-Net has filed suit against twenty-nine other parties in this District involving U.S. Patent No. 8,346,894 ("Patent-in-Suit"). This Court recently consolidated all thirty cases involving the Patent-in-Suit in this District for all pretrial issues, except venue. (Dkt. No. 24). These cases contain very similarly accused e-commerce websites, likely employing identical or very similar underlying Web transaction technologies. These collective thirty cases will have significant overlap with the Patent-in-Suit, the infringement contentions, invalidity contentions, claim construction and prior art issues. Familiarity with these issues in this District will preserve time and resources.

Pi-Net expects that a significant number of the defendants in the twenty-nine co-pending cases will also file motions to transfer venue from this District to districts all over the country. To date, six defendants in the co-pending cases have filed motions to transfer venue to the Northern District of Illinois, Southern District of Ohio, Southern District of Indiana, District of Minnesota, and District of Delaware[1]. In addition, based on meet and confer conferences to date, Pi-Net expects that at least three more defendants will file motions to transfer venue to the District of Maryland, Western District of Tennessee and the Southern District of New York[2]. No single district is convenient for all thirty defendants in the cases relating to the Patent-in-Suit pending in this District. With two defendants headquartered in Texas[3] (one of which is in this District) and the remainder of the defendants spread throughout the country, on balance, the EDTX is the more convenient and suitable venue for this case. Because Your Honor presides over all thirty cases involving the Patent-in-Suit[4], this Court will best promote judicial economy and the interests of justice by keeping this case in this District.

The public interest also weighs against transfer to another venue. Not only does this District efficiently and expeditiously adjudicate patent cases, this Court is and will become more familiar with the facts and law of this case as the case moves forward. Moreover, because

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[1] *See Pi-Net v. Victoria's Secret Direct Brand Management, LLC*, 2:13-cv-01031 (Dkt. No. 18); *Pi-Net v. Bestbuy.com, LLC*, 2:13-cv-01022 (Dkt. No. 18); *Pi-Net v. The Finish Line, Inc.*, 2:13-cv-01030 (Dkt. No. 12); *Pi-Net v. Macys.com, Inc.*, 2:13-cv-01036 (Dkt. No. 10); *Pi-Net v. Target Corporation*, 2:13-cv-01038 (Dkt. No. 20); and *Pi-Net v. Walgreen Co.*, 2:13-cv-01044 (Dkt. No. 22).

[2] *See Pi-Net v. Jos. A. Bank Clothiers, Inc.*, 2:13-cv-01034; *Pi-Net v. Autozone, Inc.*, 2:13-cv-01041; and *Pi-Net v. The Jones Group, Inc.*, 2:13-cv-01032; Picone Decl., ¶ 3.

[3] GameStop Corp. is headquartered in Grapevine, TX and J.C. Penney Company, Inc. is headquartered in Plano, TX. *See Pi-Net v. Gamestop Corp.*, 2:13-cv-01021 (Dkt. No. 6, ¶5); *Pi-Net v. J.C. Penney Company, Inc.*, 2:13-cv-01035 (Dkt. No. 6, ¶5).

[4] This Court has already consolidated the thirty cases pending in this District into one lead case ("Lead Case"). *See Pi-Net v. Staples, Inc.*, 2:13-cv-01016-JRG-RSP (Dkt. No. 11).

Defendant makes substantial internet sales within this District, the EDTX has a local interest in adjudicating this case.

Based on the foregoing, Defendant cannot show that either the NDCA or DDEL are clearly more convenient than this District. Because the Defendant has not met its burden to show that the balance of the private and public interests clearly favors transfer, Defendant's Motion must be denied. Accordingly, Pi-Net requests that the Court allow this case to proceed in this District.

Alternatively, if this Court is inclined to grant the Motion, Pi-Net requests that the transfer be stayed until this Court conducts its *Markman* hearing in the Lead Case and issues any orders relating thereto for the thirty co-pending cases relating to the Patent-in-Suit.

II. FACTUAL BACKGROUND

Pi-Net filed suit on November 26, 2013 against Defendant, alleging infringement of the Patent-in-Suit. (Dkt. No. 1). On this same date, Pi-Net filed twenty-nine additional lawsuits in this District[5] alleging infringement of the Patent-in-Suit. Through this lawsuit, Pi-Net seeks an award of monetary damages as well as a permanent injunction enjoining Defendant from continued infringing activities. (Dkt. No. 1, pages 5-6, paragraphs 1-5.) The Patent-in-Suit is directed to completing interactive real-time Web transactions using Web applications in an online service over a digital network on the Web. (Dkt. No. 1, Exhibit A, generally.) The Patent-in-Suit discloses some of the earliest and most fundamental technology underlying Web commerce and real-time Web-based transactions that are embodied in Defendant's accused applications. The Defendant provides real-time Web transactions from Web applications accessible at least through its website including, but not limited to, the website http://www.walmart.com. According to Defendant's website, although it has offices near Silicon Valley, its "ties to Bentonville, Ark…. give [it its] foundation." *See* Declaration of John V. Picone III in Support of Pi-Net's Response ("Picone Decl."), ¶ 6, Exhibit A.

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[5] Pi-Net filed Civil Action Nos. 2:13-cv-01016 through 2:13-cv-01045 on November 26, 2013.

Defendant filed its Answer and Counterclaims to the Complaint on February 7, 2014. (Dkt. No. 13). Defendant's Counterclaims seek a declaration that the Patent-in-Suit was not infringed and that it is invalid. (Dkt. No. 13). Defendant filed the present Motion on February 20, 2014. (Dkt. No. 18).

On March 7, 2014, the parties filed a Joint Motion for Modification of the Briefing Schedule to the Motion, which was necessary to allow the parties to negotiate a limited and narrow set of discovery on issues related to the Motion. (Dkt. No. 20). Pi-Net participated in several meet-and-confer telephone conferences wherein Pi-Net expressed the need to conduct limited discovery with respect to the Motion. *See* Picone Decl., ¶ 4. Despite these meet-and-confer telephone conferences, which included Pi-Net providing to the Defendant a draft of the initial discovery it intended to serve, Defendant declined to voluntarily provide such discovery prior to the Rule 26(f) conference. Picone Decl., ¶ 5. As such, Pi-Net will file a Motion for Order Allowing Plaintiff to Conduct Limited Discovery Prior to Fed. R. Civ. P. 26(f) Conference ("Discovery Motion") within the week if Defendant continues to decline to agree to such limited discovery.[6]

III. APPLICABLE LAW

Under 28 U.S.C. § 1404(b), the specific venue statute for patent infringement claims, a civil action for patent infringement may be brought (1) in the judicial district where the defendant resides, or (2) where the defendant has committed acts of infringement and has a regular and established place of business. *See* 28 U.S.C. § 1400(b). A business entity "resides," for purposes of Section 1400(b), in any judicial district in which it would be subject to personal jurisdiction at the time the action is commenced. *See* 28 U.S.C.A. § 1391(c)(2); *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583 (Fed. Cir. 1990). Defendant does not allege that the EDTX is an improper venue for this action; rather, it seeks to transfer the case to the NDCA or DDEL, under 28 U.S.C.A. § 1404(a), on the basis that the NDCA or DDEL are more convenient venues.

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[6] This Court granted an unopposed motion to allow limited discovery and a modification of the briefing schedule in relation to a motion to transfer venue filed by Macys.com, Inc., a defendant in a co-pending case. *See* 2:13-cv-01036. (Dkt. No. 14).

District courts have broad discretion in deciding whether to order a venue transfer.[7] Regarding the weight to be given the plaintiff's choice of venue, the Fifth Circuit has explained:

> Although a plaintiff's choice of venue is not a distinct factor in the venue transfer analysis, it is nonetheless taken into account as it places a significant burden on the movant to show good cause for the transfer. Thus, our analysis directly manifests the importance that we must give to the plaintiff's choice… When viewed in the context of § 1404(a) , to show good cause means that a moving party, in order to support its claim for a transfer, must satisfy the statutory requirements and clearly demonstrate that a transfer is "for the convenience of the parties and witnesses, in the interest of justice." Thus, when the transferee venue is not clearly more convenient *than the venue chosen by the plaintiff*, the plaintiff's choice should be respected.[8]

If a defendant can establish that a suit could have originally been brought in the transferee court, the next step is to balance the public and private interest factors first enunciated in *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508-09 (1947), and thereby determine whether a § 1404(a) venue transfer would be "for the convenience of parties and witnesses and in the interest of justice."[9]

28 U.S.C. § 1404(a) provides that "[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." 28 U.S.C. § 1404(a) . The first inquiry when analyzing a case's eligibility for § 1404(a) transfer is "whether the judicial district to which transfer is sought would have been a district in which the claim could have been filed." *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004) ("*In re Volkswagen I*"). Once that threshold is met, courts analyze both public and private factors relating to the convenience of parties and witnesses as well as the interests of particular venues in hearing the case. *See Humble Oil & Ref. Co. v. Bell*

[7] *See* 28 U.S.C.A. § 1404(a) ; *In re Volkswagen of America, Inc.*, 545 F.3d 304, 311 (5th Cir. 2008) ("*In re Volkswagen II*"); *see also Aloft Media, LLC v. Adobe Sys. Inc.*, No. 6:07-cv-355, 2008 WL 819956, at *3 (E.D. Tex. Mar. 25, 2008) (holding that the plaintiff's choice of forum is one of several factors to be considered under the venue transfer analysis and is entitled to deference).

[8] *In re Volkswagen II*, 545 F.3d at 315 n.10 (emphasis added); *see also Azure Networks, LLC v. CSR PLC*, No. 6:11-cv-139-LED-JDL, Dkt. No. 197, at 9 (E.D. Tex. June 25, 2012).

[9] *Id*. at 315.

Marine Serv., Inc., 321 F.2d 53, 56 (5th Cir. 1963); *In re Nintendo Co., Ltd.*, 589 F.3d 1194, 1198 (Fed. Cir. 2009).

IV. ARGUMENT

A. Defendant Has Not Met Its Heavy Burden and, This Case Should Not be Transferred to the NDCA or the DDEL

1. The Private Interest Factors Weigh in Favor of Keeping This Matter in the EDTX

In assessing a motion to transfer, this Court is to consider: (1) the relative ease of access to sources of proof, (2) the availability of compulsory process to secure the attendance of witnesses, (3) the cost of attendance for willing witnesses, and (4) all other practical problems that make the trial of a case easy, expeditious, and inexpensive. *In re Volkswagen AG,* 371 F.3d 201, 203 (5th Cir. 2004) ("*In re Volkswagen I*"). Here, the private interest factors demonstrate that the case should remain in this District.

a. Accessibility to Sources of Proof Favors Keeping This Matter in the EDTX

1. Defendant Has Not Identified Sources of Proof With the Required Specificity

Defendant argues that the vast majority of its relevant documents, including technical and sales documents and source code, are located in or near San Bruno, CA. *See* Declaration of Diana Luo ("Luo Decl.") filed in support of the Motion, ¶¶ 7-8. Defendant also argues that most of its personnel with relevant knowledge concerning website development and hosting, as well as website accounting, sales and marketing, are located in or near San Bruno, CA. Luo Decl., ¶ 7.

To meet its burden, Defendant must identify its sources of proof with a level of specificity that enables the Court to determine whether transfer will increase the convenience of the parties.[10] Defendant generally argues that the vast majority of its witnesses and relevant

[10] *See Core Wireless Licensing, S.A.R.L. v. Apple, Inc.,* No. 6:12-cv-00100-LED-JDL, Dkt. No. 73, at 5 (E.D. Tex. Feb. 22, 2013) (citing *J2 Global Commc'ns, Inc. v. Proctus IP Solutions, Inc.*, No. 6:08-cv-211, 2009 WL 440525, at *2 (E.D. Tex. Feb. 20, 2009)); *see also Invitrogen v. Gen. Elec. Co.,* No. 6:08–cv–113, 2009 WL 331889, at *3 (E.D. Tex. Feb. 9, 2009) (finding that general statements that relevant documents were located in either England or New Jersey "fail to show that transfer would make access to sources of proof either more or less convenient for the parties").

documents, including technical and sales documents and source code, are located in or near San Bruno, CA. Defendant's broad statements do little establish its burden that transfer would make access to sources of proof more convenient for the parties.

Further, discovery has not yet begun nor have the parties exchanged Initial Disclosures pursuant to Fed. R. Civ. P. 26, yet Defendant claims that the vast majority of its testimony and evidence will come from or around the NDCA. In actuality, however, witnesses and documents are likely distributed nationwide given the breadth of applications on Defendant's website. Accordingly, transferring the case would merely shift the inconvenience from Defendant to Pi-Net and the shifting of the inconvenience does not support transfer.[11] Because of the likely varied locations of sources of proof and the fact that Defendant has not met its burden in showing that this factor weights in favor of transfer, the Motion must be denied.

Lastly, "it is also important to recognize that electronic information may be accessed conveniently in any number of locations," especially by an international corporation like Defendant.[12] Patent litigation usually involves sources of proof that are readily convertible to an electronic medium, and Defendant has not suggested otherwise. Because of the general nature of Defendant's assertions regarding witnesses and documents and the realities of electronic discovery, particularly for an international corporation like Defendant, this factor disfavors transfer.

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[11] *Advanced Data Access LLC v. Toshiba Corporation et al.*, No. 6:11-cv-621-LED-JDL, at *8 (E.D. Tex. Sept. 7, 2012) (ordering denying motion to transfer); *see also Sybase, Inc. v. Vertica Systems, Inc.*, 2008 WL 2387430, at *3 (E.D. Tex. June 9, 2008).

[12] *See Odom v. Microsoft,* No. 6:08–cv–331, 2009 WL 279968, at *3 (E.D. Tex. Jan. 30, 2009); *see* 15 Charles Alan Wright et al., *Federal Practice and Procedure* § 3853, at 1 (3d ed. 2013) ("[S]ince most records and documents now can be transported easily or exist in miniaturized or electronic form . . . their location is entitled to little weight. This is particularly true with the development of photo duplication, facsimile transmission, the Internet, and the easy availability, excellent reproducibility, and relatively low cost of hard and electronic copies."); *Wyandotte Nation v. Salazar,* 825 F. Supp. 2d 261, 271 (D.D.C. 2011) ("[I]n this digital age of easy and instantaneous electronic transfer of data, the Court does not find that the 'ease of access to sources of proof' factor carries any weight in the transfer analysis. This is particularly true in a case where both sides are sophisticated litigants and have the necessary resources to manage and exchange documents electronically."). This is especially the case with the advent and increasing use of so called "cloud" technology that allows access to electronic documents and information virtually anywhere.

2. Defendant Limits Sources of Proof Relating to Infringement Claims

Defendant's disclosure of general potential witness and document locations presupposes that Defendant understands and appreciates what type of real-time Web based transactions from Web applications Pi-Net claims infringe the Patent-in-Suit. As previously stated, Pi-Net alleges that Defendant provides real-time Web transactions from Web applications accessible at least through its website http://www.walmart.com. This includes, but is not limited to: i) online purchasing; ii) use of mobile applications; iii) management of personal accounts; iv) management of or application for credit; v) subscriptions; vi) employment applications; vii) loyalty and/or customer rewards interactions; viii) electronic payment systems; ix) inventory management; x) supply chain management; xi) online marketing; xii) gift registries; xiii) gift cards; xiv) surveys; xv) automated data collection; xvi) and social media interactions.

Defendant's purported evidence contained in the Luo Decl. is inadequate to meet Defendant's burden to show that this factor weighs in favor of transfer to another district. The Federal Circuit has cautioned district courts against evaluating the significance of the identified evidence in venue analysis, and instead instructed the courts to focus on the "relevance and materiality" of the information. See *In re Genentech*, 566 F.3d 1338, 1343-44 (Fed. Cir. 2009) ("Requiring a [party] to show that a potential witness has more than relevant and material information [for purpose of venue analysis]…is unnecessary …"). This means that this Court is only obligated to consider specific evidence and witnesses identified by the Defendant that are both "relevant and material" to this litigation.

The Luo Decl. does not address the aforementioned types of transactions, and it does not provide any specific information as to who the relevant and material witnesses are or where relevant and material witnesses and sources of proof are located. As such, the Court is not obligated to consider this general evidence identified by the Defendant. Notably, Defendant is also likely to have witnesses located in Bentonville, Arkansas, where its "ties to Bentonville, Ark…. give [it its] foundation." Bentonville, is significantly closer to this District than either the NDCA or DDEL.

3. Publically Available Information Shows Defendant's Suppliers Are Located Across the County and World

A brief search of publicly-available information confirms that Defendant's e-commerce website http://www.walmart.com involves technologies and witnesses located across the country and is far more diverse (in terms of contributors) than portrayed by the Luo Decl. Defendant's e-commerce website is a technologically sophisticated service built on top of a diverse set of technologies provided by a number of different suppliers, many of whom are not located in either the NDCA or the DDEL. For example, "Affiliate Marketing" is supplied by Rakuten LinkShare, which is headquartered in Tokyo, Japan. "Comparison Engine Feeds" is provided by Channel Intelligence, which is headquartered in Celebration, Florida. "Content Delivery" is supplied by Akamai, which has offices in Cambridge, Massachusetts. Picone Decl., ¶ 7, Exhibit B.

b. The Availability of Compulsory Process Weighs in Favor of Keeping This Matter in the EDTX

Fed. R. Civ. P. 45(a)(2), as amended in 2013, makes clear that the presiding court may issue nationwide deposition subpoenas so long as the deposition is to take place within 100 miles of the witness's residence or regular place of business. Fed. R. Civ. P. 45(a)(2), 45(c)(1)(A). Under Rule 45(a)(2), regardless of the venue in which a case is originally filed, parties can secure the attendance of any non-party witnesses at deposition. The proffering party now has the option to depose the non-party witness near that witness's residence or regular place of business, and later present the witness's deposition testimony at trial. *See* Fed. R. Civ. P. 32(a)(4) ("A party may use for *any purpose* the deposition of a witness, whether or not a party, if the court finds…that the witness is more than 100 miles from the place of hearing or trial…").

Initial disclosures have not been exchanged by either party in this case and Pi-Net cannot yet conduct discovery of potential non-party or party witnesses; therefore, Pi-Net has no way of knowing how many relevant and material witnesses reside in this District or other districts. Pi-Net acknowledges that Defendant has identified general potential non-party witnesses located in California, however Defendant bears the burden of identifying *unwilling* specific third-party witnesses that would benefit from the transfer to the NDCA or DDEL.[13] Only *unwilling* witnesses are relevant to this convenience factor.

Further, the Court gives more weight to those specifically identified witnesses and affords less weight to vague assertions that witnesses are likely located in a particular forum.[14] Defendant has not identified any specific non-party witnesses that would be unwilling to attend trial in the EDTX. In this case, as in most patent cases, witnesses are located all over the country and many would need to travel a significant distance no matter what the venue.[15] Given the fact that Defendant has not identified a single non-party witness that is unwilling to travel to the EDTX for trial, this factor weighs against transfer.

c. The Cost of Attendance for Willing Witnesses Favors Keeping This Matter in the EDTX

"The convenience of the witnesses is probably the single most important factor in a transfer analysis." *In re Genentech, Inc.*, 556 F.3d at 1342. Although the court must consider the convenience of both the party and nonparty witnesses, "it is the convenience of non-party witnesses…that is the more important factor and is accorded greater weight in a transfer of venue analysis." *Mohamed v. Mazda Motor Corp.*, 90 F.Supp.2d 757, 775 (E.D. Tex. 2000); *see also In re Volkswagon AG*, 371 F.3d at 204 (requiring courts to "contemplate consideration of the parties and witnesses"); *Fujitsu Ltd. v. Tellabs, Inc.*, 639 F.Supp. 2d 761, 765-66 (E.D. Tex. 2009).

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[13] *See Broadhead Ltd. P'ship v. Goldman, Sachs &Co.*, No. 2-06-cv-009, 2007 WL 951511, at *3 (E.D. Tex. Mar. 28, 2007) (emphasis added) ("the defendant has not shown that non-party witnesses are *unwilling* to travel to Texas.").

[14] *See Core Wireless Licensing, S.A.R.L. v. Apple, Inc., No. 6:12-cv-00100-LED-JDL, Dkt. No. 73, at 6 (E.D. Tex. Feb. 22, 2013); See also Effectively Illuminated Pathways, LLC v. Aston Martin Lagonda of N. Am., Inc.*, No. 6:11-cv-34, Dkt. No. 145 at 13 (E.D. Tex. Apr. 19, 2012); *see also Texas Data Co., LLC v. Target Brands, Inc.*, 771 F. Supp. 2d 630, 643 (E.D. Tex. 2011); *NovelPoint Learning LLC v. LeapFrog Enterprises, Inc.*, No. 6:10-CV-229 JDL, 2010 WL 5068146, at *6 (E.D. Tex. Dec. 6, 2010) (noting that the Court will not base its conclusion on unidentified witnesses); *West Coast Trends, Inc. v. Ogio Int'l, Inc.*, No. 6:10-cv-688, 2011 WL 5117850, at *3 (E.D. Tex. Oct. 27, 2011) (same); *Azure Networks*, No. 6:11-cv-139-LED-JDL, Dkt. No. 197, at 12-13.

[15] *Symbol Techs., Inc. v. Metrologic Instruments, Inc.*, 450 F. Supp. 2d 676, 679 (E.D. Tex. 2006) (emphasizing that witnesses in patent cases typically come from all over the country or world, thus, many witnesses will likely need to travel a significant distance, regardless of where the trial is held).

This factor does not favor transfer where the proposed transferee forum is not convenient for all witnesses. *Invitrogen v. Gen. Elec. Co.*, No. 6:08-cv-113, 2009 WL 331889, at *3 (E.D. Tex. Feb. 9, 2009) (finding this factor neutral with regard to party witnesses because, although the transferee district would be more convenient for defendants' witnesses, it would be less convenient for plaintiff's witnesses).

The general non-party witnesses identified by Defendant with respect to this factor show that they are spread across the United States. With respect to potential party witnesses, Defendant identifies employees in San Bruno, CA that relate to only a portion of the infringement alleged by Pi-Net. Many witnesses, especially non-party witnesses who will be important to the resolution of the case, are located in places outside the transferee forum, including in Chicago, IL (prior art witness), Valley Forge, PA (prosecution counsel), and at Defendant's headquarters in Bentonville, AR.

In addition, while Defendant would like this Court to believe that the average travel time to NDCA and DDEL is significantly less than the average travel time to the EDTX, Defendant only averages travel time for the *shortest* travel time to these Districts.[16] In order to present an accurate average travel time to these locations, Defendant must include all travel times (i.e. shortest, mid-range and longest), and then take the average of those travel times. Defendant has not done so in this instance and its average *shortest* travel times are inaccurate representations of true average travel times to these locations. Accordingly, this factor does not favor transfer.

d. Other Practical Issues That Make Trial of a Case Easy, Expeditious and Inexpensive Favors Keeping This Matter in the EDTX

1. Twenty-Nine Co-Pending Cases

As referenced above, there are twenty-nine co-pending cases in this District involving the Patent-in-Suit and e-commerce websites that are likely built based on similar if not identical underlying components. Pi-Net expects that these cases will all have common issues of

[16] Declaration of Constance S. Huttner filed in support of the Motion ("Huttner Decl."), ¶¶10-13.

infringement, claim construction, prior art and validity. The "existence of multiple lawsuits involving the same issues is a paramount consideration when determining whether a transfer is in the interest of justice…[T]o permit a situation in which two cases involving precisely the same issues are simultaneously pending in different District Court leads to the wastefulness of time, energy, and money that section 1404 was designed to prevent." *See Volkswagen II*, 566 F.3d 1349, 1351 (Fed. Cir. 2009). Further, retaining jurisdiction over the thirty cases pending in this District will conserve judicial resources and will eliminate the risk of inconsistent claim constructions.[17]

Further, contrary to Defendant's unsupported and unsubstantiated assertion that the accused e-commerce systems are different in every case, the defendants across the twenty-nine co-pending cases appear to use common technology vendors to build their e-commerce systems, including Rakuten LinkShare, Channel Intelligence, and Akamai to name a few. Picone Decl. at ¶ 8, Exhibit C. The fact that the various defendants use the same vendors likely means that the defendants will have similar source code in which the websites are built on, likely leading to common issues of infringement. Pi-Net expects that discovery will reveal additional technical commonalities between the various defendants as well.

2. *GeoTag* Distinguished

Through *GeoTag*, No. 2:10-cv-00570, slip op. at 10, Defendant argues that Pi-Net cannot use the twenty-nine co-pending actions to manufacture a judicial economy argument. Motion, Page 10. The *GeoTag* case cited by Defendant for this proposition is distinguishable. In *GeoTag*, the litigation involved over 100 cases against more than 400 defendants with unrelated products or services (e.g. *GeoTag* defendants included fashion retailers (Gucci America), car rentals (Rent-a-Car), credit unions (Western Union), and high technology companies (Oracle)). Here, the accused systems are all e-commerce websites of major Internet retailers that conduct

[17] *PersonalWeb Technologies v. NEC*, 6:11-cv-655 (E.D. Tex. Mar. 21, 2013) ("Retaining the Transferring Defendants through the claim construction phase serves two important purposes, … First, it conserves judicial resources by requiring only one district court to address the disputed claim terms, and second, it eliminates the risk of inconsistent claim constructions.").

business online. The overlap between the cases pending in this Court favor traditional notions of judicial economy and weigh against transfer.

3. Delay

Courts have considered the possibility of delay and prejudice if transfer is granted. *ICHL, LLC v. NEC Corp. of* America, 2009 WL 1748573, *12 (E.D. Tex.). Pi-Net filed this action nearly four months ago on November 26, 2013. Pi-Net would clearly be prejudiced by any transfer from this District because of the inevitable delay that would result while another court, other courts, or the MDL Panel, became familiar with the case.

4. Suits Pending in DDEL

Defendant argues that over the past five years Dr. Lakshmi Arunachalam, the inventor of the Patent-in-Suit, Pi-Net and/or WebXchange, Inc. have filed similar claims involving the Patent-in-Suit and various related patents in other districts, including the DDEL. Motion, page 1. This is not relevant to this litigation or the instant Motion. Through this argument Defendants attempts to mislead this Court into believing that the cases pending in the DDEL and the Judge presiding over those cases is more familiar with the Patent-in-Suit. This is simply not the case. The defendants in the cases that were filed in the DDEL that have not been closed[18] are comprised of financial institutions or payroll companies – not online merchants. As such, Defendant cannot successfully show that the claim terms at issue in those cases are likely to be similar to those involved in the cases pending in this District. In addition, some of the issues relating to infringement will also likely be different.

5. Improper Reliance on Footnote

Lastly, Defendant, in footnote 7 of the Motion, cites to *Droplets, Inc. v. eBay, Inc., et. al.*, No. 2:11-cv-401, slip opp. at 10 (E.D. Tex. July 2, 2012) for a new argument supporting the proposition that the fact that some of the defendants in the co-pending cases are not moving to transfer does not weigh against transfer. "[A]s Mr. Chief Justice Hughes was wont to say, 'Footnotes do not really count.'" *Tidewater Oil Co. v. U. S.*, 409 U.S. 151, 174 (1972).

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[18] 11 of the 25 cases cited to in the Declaration of Constance S. Huttner at Exhibit 5 have been closed.

2. The Public Interest Factors Weigh in Favor of Keeping This Matter in the EDTX

The "public interest" factors that a Court should consider in determining whether transfer is appropriate are: (1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interest decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflicts of law or in the application of a foreign law. *In re Volkswagen I*, 371 F.3d at 203.

a. The Respective Degrees of Congestion Weigh in Favor of Keeping This Matter in the EDTX

According to the Motion at page 13, the median time to trial for patent cases in this District is around 26.3 months, while the median time to trial in the NDCA is nearly 32.6 months. This is difference of over six months. In addition, transferring this case would only push the trial date out even further given that it would have to be transferred, then docketed and assigned to a court. Similarly, the time to trial in the DDEL is 23 months, Motion, page 15, and by the time the case is transferred to the DDEL, docketed and assigned out, the trial date will only be pushed out further.

b. The Local Interest Factor Weighs in Favor of Keeping This Matter in the EDTX

The EDTX has a local interest in this litigation. As Ms. Luo admits, Defendant makes substantial internet sales within the EDTX. Luo Decl., ¶ 5. In addition, as set forth above, based on the publicly available information Pi-Net has found, Defendant has vendors and other contributors that are located closer to this District.

c. The Remaining Public Factors are Neutral

Pi-Net agrees with Defendant that the remaining public factors are neutral. While Defendant cites to judicial economy as a public factor, Motion, page 14, pursuant to *In re Volkswagen I*, 371 F.3d at 203, this is not a public factor to be considered in the Court's analysis.

V. CONCLUSION

The Defendant has not met its heavy burden of proof to establish that that the balance of private and public factors demonstrates that the NDCA or, in the alternative, DDEL are "clearly more convenient" venues than this District. As such, the Court should deny Defendant's Motion. If the Court is inclined to grant the Motion, Pi-Net requests that the transfer be stayed until this Court conducts its *Markman* hearing and issues any orders relating to same for the thirty co-pending cases relating to the Patent-in-Suit.

Dated: March 17, 2014

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served March 17, 2014, with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3).

/s/ John V. Picone III
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